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**MANUFACTURERS' REPRESENTATIVES**

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March 3, 2011

Attention Connecticut Legislators:

Please note my comments below regarding the proposed budget for the State of Connecticut:

- **Sales Tax on Repair & Maintenance Labor:** This provision will provide a serious incentive for boat owners, from anywhere in the state, to bring their boats to Rhode Island if they require major repair work (The net result will be the loss of Connecticut jobs, and the loss of both income tax revenue to the state, as well as the loss of sales tax revenue on parts).
- **Sales Tax on Winter Storage:** This will certainly send many boats from the Eastern portion of the state running for refuge in Rhode Island, which will also result in the loss of sales tax revenue on paint and other commissioning materials. Yes, and jobs as well.
- **Sales Tax on Towing:** This is really kicking the boat owner when he's down and will send his towing and repair dollars to our neighboring state if he is cruising near the border.
- **Sales Tax on the Gross amount of a boat w/trade deal:** This one really adds insult to injury. The boat owner already paid sales tax on the value of the old boat when he bought it and now you want to tax that amount again in addition to the differential value between the two boats. (This will either discourage the sale of the new boat, or possibly send the sale, registration, and storage of the boat to Rhode Island).
- **Sales Tax to go from 6% to 6.35%:** Overall Connecticut is one of the 6 most highly taxed states in the nation. High taxes generally drive business and tax payers away, to be replaced by claims for unemployment benefits and welfare checks. Why not balance the budget by reducing the size of government rather than by increasing the burden to the taxpayer.
- **Property Tax back on boats (20 mills):** This is a great way to fill empty slips in Rhode Island Marinas with boats from Slips in Connecticut marinas. (This also will result in boat owners and prospective boat owners abandoning boating as a leisure activity).

The additional cost of these taxes to the boat owner, will add to the growing costs of boating created by the overbearing cost of government regulations on the industry. Furthermore, the recreational boating industry has been hit extremely hard by the recession. This has affected marinas and service yards, boat sales organizations, and boat manufacturers. I have one customer, a boat manufacturer, who told me that they went from 1000 employees to <100 in a period of 2 years. The excise tax imposed on boats during the Bush administration of the 80's resulted in the closing of plants and the loss of jobs.

The people that work in this industry, in the marinas, boat yards, and boat factories, are not rich people. They are just trying to make a living, and this attack on their livelihood will only deny many of them of that ability.

Thank you for your consideration.

***Gus Kreuzkamp***

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